



MEMORANDUM OF UNDERSTANDING

Between the Governors' Offices of California and Wyoming

WHEREAS, California Governor Arnold Schwarzenegger has established the following greenhouse gas emission (GHG) reduction targets for California: by 2010, reduce GHG emissions to 2000 levels; by 2020, reduce GHG emissions to 1990 levels; by 2050, reduce GHG emissions to 80 percent below 1990 levels; and

WHEREAS, the California Energy Commission adopted the 2005 Integrated Energy Policy Report, which recommends a greenhouse gas performance standard for utility procurement to be set no looser than levels achieved by a new combined-cycle natural gas turbine; and

WHEREAS, the United States, and California in particular, face increasing reliance on natural gas for electricity generation; and

WHEREAS, the continued high prices and limited North American production of natural gas leave consumers at the risk of rising energy costs and potential supply disruptions; and

WHEREAS, the State of California remains committed to its goal of providing 20 percent of its electricity from renewable resources by 2010 and has well-established programs for promoting efficient use of energy in the state; and

WHEREAS, the State of California seeks further means to diversify the fuel mix and reduce reliance on natural gas in the state's electricity sector in a manner that encourages affordable, reliable, and environmentally sound energy supplies; and

WHEREAS, the State of Wyoming has abundant reserves of coal and renewable wind resources that can provide a secure and reliable source of domestic energy; and

WHEREAS, these combined resources represent a viable means by which California can reduce its dependence on natural gas and improve the availability, diversity and stability of its electric energy supplies; and

WHEREAS, Wyoming Governor Dave Freudenthal has established a Clean Coal Working Group, comprised of the Governor's Office, the Wyoming Infrastructure Authority, the Wyoming Pipeline Authority and the University of Wyoming, for the express purpose of furthering the development of advanced coal technologies in Wyoming; and

WHEREAS, the 2005 Energy Policy Act (2005 EAct) authorizes \$200 million each fiscal year FY06-FY14 for clean coal research in coal-based gasification and combustion technologies; and

WHEREAS, Section 413 of the 2005 EPAct expressly provides federal support for a Western Integrated Coal Gasification Demonstration Project capable of sequestering carbon, at an elevation and with coal characteristics common to Wyoming; and

WHEREAS, the President's 2007 budget for the U.S. Department of Energy includes \$54 million for advanced gasification combined cycle technology; and

WHEREAS, it is in the joint interest of the States of California and Wyoming to aggressively pursue the advancement and development of advanced clean coal technology; and

WHEREAS, the States of California and Wyoming have entered into a formal Memorandum of Understanding, joined by the States of Nevada and Utah, that supports the development of an interstate electric transmission project that will provide net customer benefits to each of the states by creating a path for the generation and delivery of diversified electric energy resources.

NOW, THEREFORE,

I, ARNOLD SCHWARZENEGGER, Governor of the State of California, and

I, DAVE FREUDENTHAL, Governor of the State of Wyoming, do hereby issue this order to become effectively immediately:

IT IS ORDERED that a joint task force be formed with representatives from the Wyoming Clean Coal Working Group, the California Energy Commission, and the California Public Utilities Commission, in active consultation with load serving utilities in California and potential advanced coal and renewable wind project developers in Wyoming.

IT IS FURTHER ORDERED that this task force work with the U.S. Department of Energy to take advantage of federal funding opportunities to help develop a commercial-scale integrated gasification combined cycle coal project with carbon sequestration in Wyoming.

IT IS FURTHER ORDERED that this task force seek adequate operating funds to support its activities.

IT IS FURTHER ORDERED that this task force work to explore opportunities to develop Wyoming's renewable resources.

IT IS FURTHER ORDERED that this task force will hold its initial meeting no later than May 31, 2006.

Signed this day: _____

Arnold Schwarzenegger
California

Dave Freudenthal
Wyoming